DO PEOPLE REGRET REVERSE MORTGAGES?

93% of Reverse Mortgage Borrowers Say It Had a Positive Effect on Their Lives

In the most comprehensive study ever conducted on reverse mortgage borrowers, 93 percent reported that their reverse mortgages had a mostly positive effect on their lives, compared with just 3 percent who said the effect was mostly negative[1]. A government review found that 83 percent of borrowers said their loans had completely or mostly met their financial needs, and another 12 percent said the loans partly met their needs.[2]

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So statistically, most people don't regret it.

But that's the 30,000-foot view. You can't risk your financial security even if the odds are paper-thin; right?

So, Who Are the People Who Do Regret It?

Regret almost always traces back to a few root causes.

None of them is a mystery.

The biggest one is that the borrowers were rushed or pressured into the wrong product. The Consumer Financial Protection Bureau has flagged reverse mortgages as complex products and difficult for consumers to understand. When a homeowner takes a loan, they don't fully understand because someone in a hurry told them to sign, regret is almost guaranteed.[3]

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They didn't loop in their family. Adult children who learn about the reverse mortgage only after a parent passes away are often blindsided, especially when they assumed they'd inherit a debt-free home. When the borrower dies or must vacate the home, that person or their family members must repay the amount that was borrowed or sell the property to satisfy the obligation.

They violated the loan's basic terms without realizing it. A reverse mortgage still requires that you pay property taxes and keep homeowner's insurance current. Most HECM defaults are due to borrowers not meeting occupancy requirements or failing to pay property charges.

They felt the costs were higher than expected. Upfront fees, mortgage insurance, and servicing fees add up. Consumer concerns about high costs represent the single greatest roadblock to greater acceptance of reverse mortgages. When borrowers aren't shown a clear cost breakdown ahead of time, sticker shock turns into regret.

What Are the Most Common Things People Wish They Had Known?

We'll be candid. The complaints we've seen and read most often are not about the loan itself. Here are the things people wish they had been told plainly:

- The loan balance grows over time because interest accrues instead of being paid monthly
- Heirs typically have around 6 months to decide what to do with the home after the last borrower passes

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- That property taxes and insurance are still the homeowner's responsibility
- That a spouse not on the loan needs specific legal protections in place
- That extended stays in a nursing home (typically over 12 months) can trigger the loan becoming due
- That different payout structures (lump sum vs. line of credit vs. monthly) carry very different long-term consequences

None of these is a deal-breaker.

They are simply facts. The regret comes when somebody learns these facts after the loan closes instead of before.

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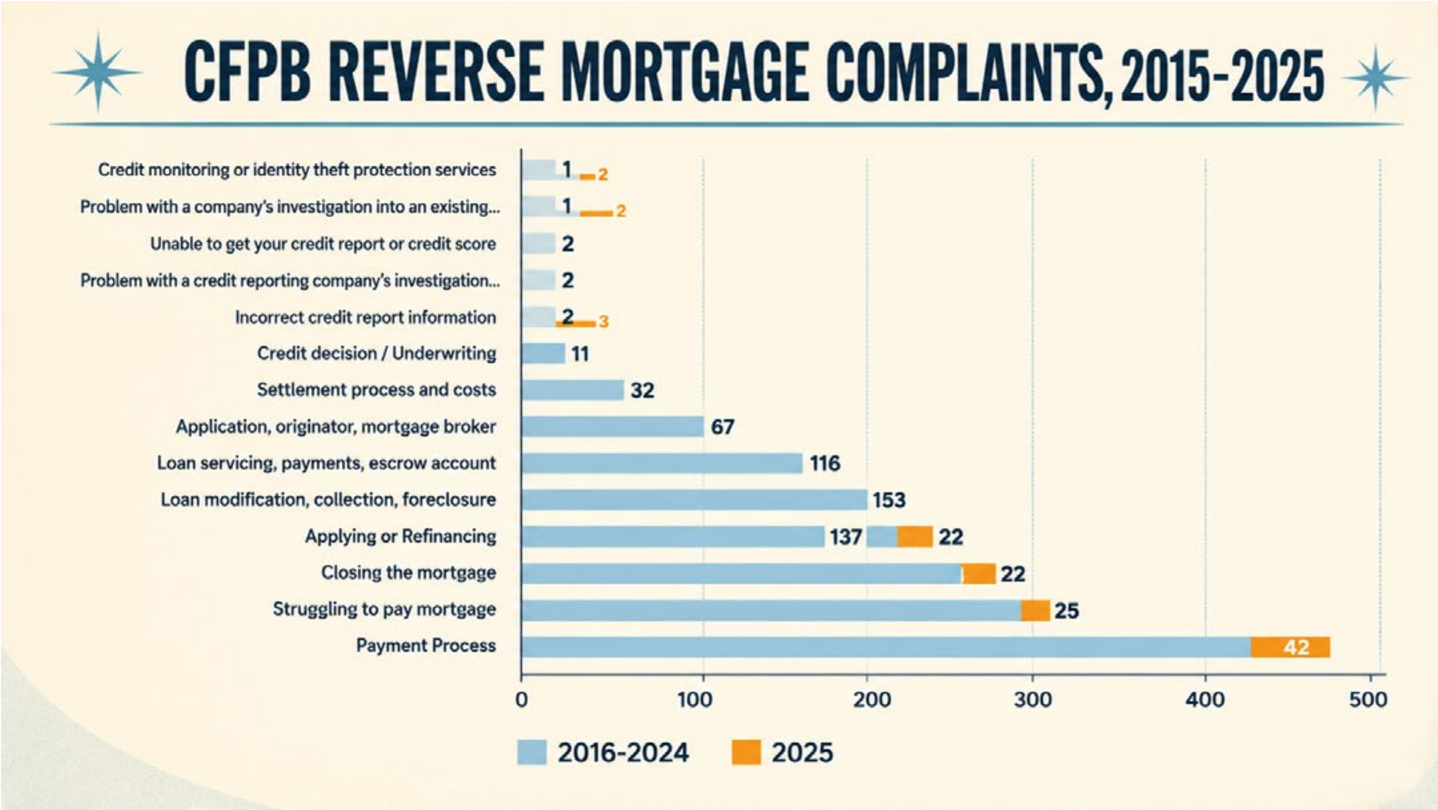
How Often Are People Genuinely Unhappy?

To put real numbers to it: since 2015, consumers have submitted 1,459 complaints to the CFPB regarding reverse mortgage loans.[4]



That's over a decade across hundreds of thousands of active loans. It is not nothing, and we don't want to minimize it, but it is also not the epidemic that some headlines suggest. Most of those complaints, when you read them, fall into the same buckets we listed above: confusion, servicing issues, surprises for heirs, and frustration with high costs.

And on the flip side, consumers reported high levels of satisfaction with reverse mortgage lenders (90 percent satisfied) and counselors (95 percent

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satisfied) in the most-cited industry survey. There are real complaints, and there is real satisfaction.[5]

Both are true.

What Reduces the Chance of Regret?

People who don't regret the decision almost always did these things first:

- They understood the loan before they signed
- They talked openly with their spouse and adult children
- They worked with someone who explained the cons as clearly as the pros
- They had a specific reason for the loan, not just "free money sounds nice"
- They considered alternatives (downsizing, a HELOC, selling) and made an informed choice anyway

A reverse mortgage isn't right for everyone.

When it's right, it tends to be very right.

When it's wrong, it tends to be very wrong.

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There is not much middle ground, which is exactly why the conversation upfront matters so much.

Our Take

We've sat with homeowners who told us a reverse mortgage gave them their lives back. We've also told homeowners that a reverse mortgage is not the right move for them and walked away from the deal. We focus on your unique financial goals to judge whether it's the right path for you or not.

Still Doing Your Homework?

That's exactly what you should be doing. Feel free to keep exploring our educational library at www.GreenMonarch.com.

When you're ready to have a real conversation about whether this product fits your situation, give us a call at (800) 345-2041

SOURCES

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